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10
11 UNITED STATES DISTRICT COURT
12 FOR THE CENTRAL DISTRICT OF CALIFORNIA WESTERN DIVISION
13

14 LUNCH INC., a Delaware corporation,

15 Plaintiff,

16 vs.

17 DILIGENCE CORPORATION, a
18 Tennessee corporation; KESHANTI E.
19 CHISM aka KESHANTI EMIL CHISM
20 aka KESHANTI CHISM aka EMIL K.
21 CHISM aka E. CHISM KESHANTI and
22 aka EMIL CHISM KESHANTI, an
23 individual; CARRIE ANNE PARRISH
24 aka CARRIE PARRISH and aka
25 CARRIE TARRISH, an individual; and
26 DOES 1 through 25, inclusive,

27 Defendant.

CASE NO.

Complaint for:

- (1) Breach of Written Contract;
- (2) Breach of Oral Contract;
- (3) Violation of the Racketeering
Influence and Corrupt Organizations Act
"Rico" (Wire Fraud);
- (4) Violation of Rico (Money
Laundering)
- (5) Violation of Rico
(Theft/Conversion);
- (6) Fraud - Intentional
Misrepresentation- Suppression of Fact;
- (7) Negligent Misrepresentation -
Suppression of Fact;
- (8) Conversion;
- (9) Unjust Enrichment and Imposition of
Constructive Trust; and
- (10) Conspiracy to Commit Fraud

**PLAINTIFF DEMANDS A JURY
TRIAL**

28 Plaintiff LUNCH INC., a Delaware corporation, hereby respectfully brings this
Complaint and alleges as follows:

PARTIES

1. Plaintiff, LUNCH INC., a Delaware corporation ("Plaintiff"), is now and
was, at all times herein mentioned, a corporation duly organized and existing under and

1 by virtue of the laws of the State of Delaware and is now and was, at all times herein
2 mentioned, authorized to do and doing business in the State of California as a foreign
3 corporation with its principal place of business in said State located in the County of
4 Los Angeles at 1241 5th Street, Suite 309, Santa Monica, California 90401.

5 2. Plaintiff is informed and believes, and based upon such information and
6 belief alleges, that Defendant DILIGENCE CORPORATION (“Diligence”), is now
7 and was, at all times herein mentioned, a corporation duly organized and existing under
8 and by virtue of the laws of the State of Tennessee, with its principal place of business
9 located at 5100 Poplar, 27th Floor in the City of Memphis, County of Shelby, State of
10 Tennessee.

11 3. Plaintiff is informed and believes, and based upon such information and
12 belief alleges, that Defendant, KESHANTI CHISM aka KESHANTI EMIL CHISM
13 aka KESHANTI CHISM aka EMIL K. CHISM aka E. CHISM KESHANTI and aka
14 EMIL CHISM KESHANTI (“K. Chism”), is now and was, at all times herein
15 mentioned, an individual residing in the City of Memphis, County of Shelby, State of
16 Tennessee.

17 4. Plaintiff is further informed and believes, and based upon such
18 information and believe alleges, that Defendant K. Chism is now and was, at all times
19 herein mentioned, the Chief Executive Officer, a director and the Agent for Service of
20 Process of Defendant Diligence and derives all or substantially all of his livelihood
21 from the operation of Defendant Diligence.

22 5. Plaintiff is further informed and believes, and based upon such
23 information and belief alleges, that this Court has ultra vires jurisdiction over
24 Defendant K. Chism based upon his engaging in activities that were outside of his
25 authority as the Chief Executive Officer and a director of Defendant Diligence, as set
26 forth more fully hereinbelow.

27 6. Plaintiff is informed and believes, and based upon such information and
28 belief alleges, that Defendant, CARRIE ANN PARRISH aka CARRIE PARRISH and

1 aka CARRIE TARRISH (“Parrish”), is now and was, at all times herein mentioned, an
2 individual residing in the County of Shelby, State of Tennessee.

3 7. Plaintiff is further informed and believes and based thereon alleges that
4 Defendant Parrish is an officer and director of Defendant Diligence and derives all or
5 substantially all of her livelihood from the operation of Defendant Diligence.

6 8. Plaintiff is further informed and believes, and based upon such
7 information and belief alleges, that this Court has ultra vires jurisdiction over
8 Defendant Parrish based upon her engaging in activities that were outside of her
9 authority as an officer and director of Defendant Diligence, as set forth more fully
10 hereinbelow.

11 9. Plaintiff is further informed and believes, and based upon such
12 information and belief alleges, that Defendant Parrish, is a co-conspirator in all
13 unlawful acts committed by Defendant Diligence and Defendant K. Chism.

14 10. Plaintiff is informed and believes, and based upon such information and
15 belief alleges, that Sade Chism (S. Chism”), an individual, and the co-owner of My
16 Greedy Girlfriend, LLC, a Georgia limited liability company with Defendant K. Chism,
17 may have been involved in the acts complained of herein. However, Plaintiff does not
18 at this time have sufficient facts to maintain a claim for relief against S. Chism.
19 Plaintiff will amend this Complaint to add Sade Chism as a Defendant should
20 sufficient facts be discovered to warrant same.

21 11. Plaintiff is informed and believes, and based upon such information and
22 belief alleges, that Ollie J. Chism (“O. Chism”), an individual, may have been involved
23 in the acts complained of herein. However, Plaintiff does not at this time have
24 sufficient facts to maintain a claim for relief against Ollie J. Chism. Plaintiff will
25 amend this Complaint to add Ollie J. Chism as a Defendant should sufficient facts be
26 discovered to warrant same.

27 12. Plaintiff is informed and believes, and based upon such information and
28 belief alleges, that Alma Jean Chism (“A. Chism”), may have been involved in the acts

1 complained of herein. However, Plaintiff does not at this time have sufficient facts to
2 maintain a claim for relief against Alma Jean Chism. Plaintiff will amend this
3 Complaint to add Alma Jean Chism as a Defendant should sufficient facts be
4 discovered to warrant same.

5 13. Plaintiff is informed and believes, and based upon such information and
6 belief alleges, that James Wiley, Jr. ("J. Wiley"), an individual, may have been
7 involved in the acts complained of herein. However, Plaintiff does not at this time
8 have sufficient facts to maintain a claim for relief against James Wiley, Jr. Plaintiff
9 will amend this Complaint to add James Wiley, Jr., as a Defendant should sufficient
10 facts be discovered to warrant same.

11 14. Plaintiff is informed and believes, and based upon such information and
12 belief alleges, that My Greedy Girlfriend, LLC, a Georgia limited liability company
13 ("My Greedy Girlfriend"), may have been involved in the acts complained of herein
14 as an unindicted RICO enterprise. However, Plaintiff does not at this time have
15 sufficient facts to maintain a claim for relief against My Greedy Girlfriend. Plaintiff
16 will amend this Complaint to add My Greedy Girlfriend, LLC, a Georgia limited
17 liability company as a Defendant should sufficient facts be discovered to warrant same.

18 15. Plaintiff is informed and believes, and based upon such information and
19 belief alleges that Defendants DOES 1 through 10, inclusive, are individuals, who are
20 believed to reside in Tennessee, are associated with and/or employed by Diligence, and
21 may be involved in the acts complained of herein in that they were part of the RICO
22 conspiracy described hereinbelow wherein they assisted in facilitating the conversion
23 and theft of monies rightfully belonging to Plaintiff and aided and assisted Defendants
24 in transferring, converting and stealing monies from Plaintiff. The true names and
25 identities of these unindicted co-conspirators are presently unknown to Plaintiff.
26 Plaintiff will amend its Complaint to set forth the true names of said unindicted co-
27 conspirators when same become known to it.

28 16. As permitted by Local Rule 19-1, the true names and capacities of

1 Defendants DOES 11 through 25, inclusive, whether individual, corporate, associate
2 or otherwise, are unknown to Plaintiff, who therefore sues said Defendants by such
3 fictitious names. Plaintiff will amend its Complaint to allege said Doe Defendants' true
4 names and capacities when the same has been ascertained.

5 17. Plaintiff is informed and believes, and upon such information and belief
6 allege, that each of the defendants named herein as DOES 11 through 25, inclusive,
7 were and are in some manner responsible for the actions, acts and omissions herein
8 alleged, and for the damage caused by the defendants, and are, therefore, jointly and
9 severally liable for the damages caused to Plaintiff.

10 18. Plaintiff is further informed and believes, and upon such information and
11 belief alleges, that each of the defendants including DOES 11 through 25, inclusive,
12 were, at all times herein mentioned, acting in concert with, and in conspiracy with,
13 each and every one of the remaining defendants.

14 19. At all times herein mentioned, defendants, and each of them, were an
15 owner, a co-owner, an agent, representative, partner, and/or alter ego of its
16 co-defendants, or otherwise acting on behalf of each and every remaining defendant
17 and, in doing the things hereinafter alleged, were acting within the course and scope
18 of their authorities as an owner, a co-owner, an agent, representative, partner, and/or
19 alter ego of its co-defendants, with the full knowledge, permission and consent of each
20 and every remaining defendant, each co-defendant having ratified the acts of the other
21 co-defendants.

22 20. Wherever appearing in this Complaint, each and every reference to
23 defendants or to any of them, is intended to be and shall be a reference to all
24 defendants hereto, and to each of them, named and unnamed, including all fictitiously
25 named defendants, unless said reference is otherwise specifically qualified.

26 JURISDICTION AND VENUE

27 21. This Court has original jurisdiction pursuant to 28 U.S.C. § 1138(a)
28 because federal questions are predicated on violations of the Racketeering Influenced

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1 and Corrupt Organizations Act (“RICO”), codified at 18 U.S.C. §§ 1961-1968. The
 2 RICO claims are predicated upon violations of 18 U.S.C. §§ 1962 and 1964. The Court
 3 also has supplemental jurisdiction pursuant to 28 U.S.C. § 1367 as the non-federal
 4 question claims arose from the same nucleus of operative facts. Additionally, the
 5 amount in controversy exceeds \$75,000 and there is diversity because the Plaintiff and
 6 Defendants are of different citizenship pursuant to 28 U.S.C. §1332. This Court also
 7 has personal jurisdiction over Defendants K. Chism and Parrish based upon the ultra
 8 vires acts committed by them which exceeded their authority as Chief Executive
 9 Officer and director and officer and director, respectively, of Defendant Diligence.

10 22. Venue is proper in this Court pursuant to 28 U.S.C. §1391(b)(1) and (b)(2)
 11 because Plaintiff maintains its business in this judicial district and the events or
 12 omissions giving rise to the claims occurred in this judicial district, and all monies due
 13 to Plaintiff from Defendants were due and payable in this judicial district.

14 **ALLEGATIONS COMMON TO ALL CAUSES OF ACTION**

15 23. Plaintiff is in the business of factoring and, prior to the commencement
 16 of this action, Plaintiff purchased certain agreed upon accounts receivable from and
 17 advanced monies to Defendant Diligence pursuant to a Master Services Agreement
 18 (“Services Agreement”) which was executed on January 24, 2023 by Defendant K.
 19 Chism as the General Manager of Defendant Diligence. A true and correct copy of
 20 said Services Agreement is attached hereto and incorporated herein by reference as
 21 Exhibit “1”. Said Exhibit “1” was executed and accepted by Plaintiff in the above-
 22 entitled district in the County of Los Angeles, State of California.

23 24. Pursuant to Exhibit “1” hereto, Plaintiff became the legal owner and
 24 holder of all receivables purchased by it pursuant to said contract or contracts.

25 25. Defendant Diligence provides security guards to government agencies
 26 throughout the State of Tennessee, including but not limited to, Bellevue Solid Waste
 27 Management, in Memphis, Tennessee, Farrisview Solid Waste Facility in Memphis,
 28 Tennessee, and John S. Wilder Youth Development Center in Somerville, Tennessee.

26. Pursuant to the terms and conditions of Exhibit "1" hereto, Defendant Diligence shall pay Plaintiff the outstanding amount due on each such receivable within three (3) business days of receipt of each such receivable.

27. Pursuant to the terms and conditions of Exhibit "1" hereto, Plaintiff is allowed access to Defendant Diligence's bank account at Bank of America, N.A., ending in #1732 to withdraw the outstanding amounts due within three (3) business days of receipt of same from Defendant Diligence's customer(s).

28. Pursuant to the terms and conditions of Exhibits "1" hereto, Plaintiff purchased the following accounts receivable from and advanced monies to Defendant Diligence, and Plaintiff is now the legal owner and holder thereof pursuant to said contract:

<u>Name</u>	<u>Inv #</u>	<u>Inv Date</u>	<u>Inv. Due Date</u>	<u>Inv. Amt</u>	<u>Status</u>
Bellevue	2064	05/07/23	05/07/23	\$ 7,392.00	Unpaid
Farrisview	2065	05/07/23	05/07/23	7,392.00	Unpaid
JSW Youth	2072	05/07/23	05/07/23	39,972.12	Unpaid
Bellevue	2084	05/14/23	05/14/23	7,392.00	Unpaid
Farrisview	2085	05/14/23	05/14/23	7,392.00	Unpaid
JSW Youth	2093	05/15/23	05/15/23	38,169.96	Unpaid

TOTAL OUTSTANDING AMOUNT DUE \$ 106,810.08

A true and correct copy of each of the aforesaid invoices is attached hereto and incorporated herein by reference as Exhibits "2", "3", "4", "5", "6", and "7", respectively.

29. From January 25, 2023 through April 30, 2023, Plaintiff purchased 26 accounts receivable from Defendant Diligence and received payment on all of same, without objection, in the amount of \$517,715.02, the last of which payments was received on June 8, 2023. All payments made have been credited to Defendants' account with Plaintiff, and there remains due, owing and unpaid from Defendants, and each of them, to Plaintiff, at least the sum of One Hundred Six Thousand Eight

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1 Hundred Ten and 08/100 Dollars (\$106,810.08) pursuant to Exhibits "2" through "7"
2 inclusive, hereto.

3 30. Plaintiff knows, because it had access at all times hereto to Defendant
4 Diligence's bank account pursuant to Exhibit "1" hereto, and confirmed with
5 Defendant Diligence's customers, that all of the aforesaid unpaid invoices had been
6 paid by Defendant Diligence's customers, and that Defendants K. Chism and Parrish,
7 without corporate documented authority to do so, transferred all of the funds received
8 in payment of the aforesaid invoices from the Bank of America, N.A. account #1732
9 of Defendant Diligence to which Plaintiff had access to withdraw funds in payment of
10 the outstanding indebtedness due to other bank accounts (at banks in the United States)
11 of Defendants, and each of them, to which Plaintiff had no access and no power to
12 withdraw the funds.

13 31. On or about June 5, 2023 at 3:18 p.m., Plaintiff notified Defendant
14 Diligence in an email to K. Chism, that "The auto-debits for invoices 2065, 2072 and
15 2064 are all set to withdraw on 6/7/2023 in the total amount of \$53,856.12 . . ."

16 a. Defendant K. Chism replied via email to Plaintiff on June 5, 2023
17 at 3:20 p.m., "Please push these withdrawals as well until my deposits are confirmed.
18 . . .".

19 b. Plaintiff responded via email on June 5, 2023 at 3:21 p.m., ". . . I
20 will push them to the same date, 6/8/2023."

21 c. Defendant K. Chism replied via email on June 5, 2023 at 5:54 p.m.,
22 ". . . Next week would be better for us to ensure we have received all payments to
23 support the transactions."

24 d. Plaintiff replied via email on June 6, 2023 at 11:58 a.m., "I have
25 changed the debit date to next week on 6/14/2023. . . ."

26 e. On June 13, 2023 at 10:06 a.m., Defendant Parrish emailed
27 Plaintiff, ". . . Our payments are still being held up by our Customers. A lot of it has
28 to do with the fiscal year ending on June 30, 2023. Could we please request invoices

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1 2064 and 2065 be processed as agreed and invoice 2075 be processed on Monday 19
 2 June 2023? We are trying to not have a cash flow crisis or issue. Sorry for the
 3 inconvenience but we don't want any return payments and/or our current good standing
 4 with LunchBox." A true and correct copy of the aforesaid email chain is attached
 5 hereto and incorporated herein by reference as Exhibit "8".

6 32. On June 19, 2023 at 12:52 p.m., Defendant K. Chism emailed Plaintiff,
 7 "I am sorry but the news for us os (sic) still grim. It's the end of FY23 on 30 June 23
 8 and we believe they are trying to incumbent funds for our contracts and invoices to
 9 close out the yes (sic). While we realize this isn't your concern, we have to again ask
 10 for your patience and request another extension of the remaining invoices. To be safe
 11 and not continue asking on (sic) vein, we request the extension period be until after the
 12 first week in July. I am more than certain by then we will receive payment for our
 13 invoices and gift lunch balance with a zero balance. As we are aware our finances are
 14 not your responsibility we are willing to offer a fair trade. With the extension we are
 15 willing to agree to an additional 5% fee for you (sic) loss."

16 a. On June 19, 2023 at 2:43 p.m., Plaintiff responded via email to
 17 Defendant K. Chism, "... We can extend to the end of the first week of a July for an
 18 additional 5% fee. ..." A true and correct copy of said email chain is attached hereto
 19 and incorporated herein by reference as Exhibit "9".

20 33. On July 5, 2023 at 12:48 p.m., Plaintiff emailed Defendant K. Chism,
 21 "Following up on the invoice withdrawals for invoices 2065, 2072, 2064, 2085, 2084
 22 and 2093. We are looking to set the withdrawals for Friday, 7/7/2023. ..."

23 a. On July 5, 2023 at 1:13 p.m., Defendant K. Chism replied, "We are
 24 still waiting payments. As we stated 30 Jun 23 was the last day of the fiscal year for
 25 our clients. We are awaiting them to get final funding for FY23 for full payment.
 26 Please be patient just a little while longer while we make these adjustments." A true
 27 and correct copy of said email chain is attached hereto and incorporated herein by
 28 reference as Exhibit "10".

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1 34. On July 14, 2023 at 11:12 a.m., Plaintiff emailed K. Chism, "Following
2 up on the withdrawals for invoices 2065, 2072, 2085, 2084 and 2093. Can you provide
3 an update on payment?"

4 a. On July 14, 2023 at 11:39 a.m., K. Chism replied via email, "We
5 are still waiting for the purchase orders fo (sic) FY 23 to be signed. At that time the
6 funds should be released for payments. I will inform you as soon as that process is
7 complete." A true and correct copy of said email chain is attached hereto and
8 incorporated herein by reference as Exhibit "11".

9 35. On July 17, 2023, Plaintiff emailed Defendant K. Chism "It has come to
10 our attention that your bank account has been disconnected from the Lunch platform.
11 Please log into the Lunch platform and reconnect your bank account." A true and
12 correct copy of said email is attached hereto and incorporated herein by reference as
13 Exhibit "12".

14 36. On July 19, 2023, Plaintiff emailed Chynelle Coleman of Farrisview
15 Solid Waste Facility with regard to Invoice numbers 2065 and 2085. In response
16 thereto, Ms. Coleman replied by email on July 19, 2023 at 8:18 a.m., "Invoice #2065
17 was paid and cleared our bank on 5/12/23. Invoice #2085 was paid and cleared the
18 bank on 5/21/23." A true and correct copy of said email chain is attached hereto and
19 incorporated herein by reference as Exhibit "13".

20 37. On July 19, 2023, Plaintiff confirmed with the remaining vendors,
21 Bellevue Solid Waste Management and John S. Wilder Youth Development that all
22 outstanding invoices to Diligence had been paid in full. A true and correct copy of the
23 email chain confirming same is attached hereto and incorporated herein by reference
24 as Exhibit "14".

25 38. On July 20, 2023 at 9:50 a.m., Plaintiff advised Defendant K. Chism via
26 email that "It has come to our attention that you have already been paid for receivables
27 that Lunch Inc. has purchased from you. We can work with you on a payment plan
28 over the next 4 weeks, including making a payment tomorrow. If we do not hear from

1 you or receive a payment by tomorrow, we will take legal action.” The payment plan
2 was \$30,000.00 on 7/21/2023; \$30,000.00 on July 28, 2023; \$30,000.00 on August 4,
3 2023 and \$22,150.58 on 8/11/2023. No payment was ever received from Defendant
4 or anyone acting on Defendants’ behalf.

5 a. On July 26, 2023 at 1:28 p.m., Plaintiff followed up and advised
6 Defendant K. Chism via email that “Per our conversation a few minutes ago, we would
7 like to discuss the outstanding payments due to Lunch. Before hanging up on me, you
8 mentioned that you’d call me back. If you want to discuss the payment plan, you have
9 my number. . . .” A true and correct copy of said email chain is attached hereto and
10 incorporated herein by reference as Exhibit “15”.

11 39. To date, no further response has been received by Plaintiff from
12 Defendant Diligence or anyone acting on Defendant Diligence’s behalf, and no further
13 payments have been received.

14 40. Plaintiff is informed and believes, and based upon such information and
15 belief alleges, that Defendants K. Chism and Parrish, without documented corporate
16 authority to do so, received all of the foregoing payments and thereafter, without
17 documented corporate authority to do so, removed said monies from Defendant
18 Diligence’s Bank of America, N.A. account #1732 so that Plaintiff could not access
19 said funds and transferred same to other bank accounts (in banks located in the United
20 States) under the sole custody and control of Defendants, and each of them.

21 41. Plaintiff further alleges that all of the aforesaid invoices have been paid
22 to Defendant Diligence by its customers, and that all of said payments have been
23 diverted by Defendants K. Chism and Parrish, without documented corporate authority
24 to do so, to other accounts at a bank or banks in the United States, including their own
25 banks and those of other unindicted individuals, all to Plaintiff’s damage in at least the
26 sum of One Hundred Six Thousand Eight Hundred Ten and 08/100 Dollars
27 (\$106,810.08).

28 42. Plaintiff is also entitled to interest on the unpaid outstanding amount due

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1 at the lawful rate of 10% per annum from and after the due dates set forth on Exhibits
2 "2" through "7" inclusive, hereto.

3 43. Plaintiff is also entitled to an additional 5% fee for granting Defendants
4 the extensions of time set forth hereinabove in the amount of \$5,340.50.

5 44. Pursuant to Paragraph 10(j) of Exhibit "1" hereto, Customer (Defendant
6 Diligence) agrees to pay any legal expenses incurred by Lunch in the event Customer
7 and End-Customer fails to pay Lunch for Receivables in accordance with the terms of
8 this Agreement. . . . These expenses shall include, but are not limited to, attorney's fees
9 and court costs. If Lunch engages legal counsel to collect payment on any Receivables,
10 Customer shall be responsible for reimbursing Lunch for all legal fees and costs in
11 connection with such collection efforts. . . ."

12 45. No further sums whatsoever have been paid to Plaintiff to date by
13 Defendants or anyone acting on Defendants' behalf.

14 **ALLEGATIONS RE DEFENDANTS' FRAUD**

15 46. Plaintiff is informed and believes and based upon such information and
16 belief alleges that the entire transaction between Plaintiff and Defendants, and each of
17 them, was an elaborate fraudulent suppression of facts regarding the scheme concocted
18 by Defendants, and each of them, to lull Plaintiff into a false sense of security that
19 Defendant Diligence was a legitimate company engaged in business and that it would
20 pay to Plaintiff all monies advanced against invoices pursuant to Exhibit "1" hereto in
21 a timely manner, as it did with the initial twenty-six (26) invoices.

22 47. The true facts were as follows:

23 a. Defendants K. Chism and Parrish knew at the time that Defendant
24 K. Chism entered into Exhibit "1" that Defendants had no intention of adhering to the
25 terms of Exhibit "1" hereto but rather paid the first twenty-six (26) transactions in
26 order to lull and induce Plaintiff into a false sense of security that Defendants would
27 in fact pay all sums advanced and to be advanced when due;

28 b. Defendants K. Chism and Parrish never intended to pay the amounts

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1 due pursuant to Exhibits "1" through "7" hereto;

2 c. Defendants K. Chism and Parrish always intended to and purposely
3 did convert the funds advanced by Plaintiff to Defendant Diligence to their own use
4 and benefit; and

5 d. Defendants K. Chism and Pararish always intended to and
6 purposely did convert the monies paid by Defendants' customers on the factored
7 invoices to their own use and benefit which Defendants did when they misappropriated
8 funds from Defendants' customers instead of leaving same in Defendant Diligence's
9 Bank of America, N.A. account #1732 and when they diverted payments made by
10 Defendants' customers to bank accounts in the United States to which Plaintiff had no
11 access. Plaintiff's reliance on Defendants' false representations was reasonable
12 because of the payment of the first twenty-six (26) installments.

13 48. Plaintiff is informed and believes, and based upon such information and
14 belief alleges, that Defendants did all of the aforesaid acts in order to suppress their
15 actual intent and scheme as set forth above, which Plaintiff believes Defendants have
16 perpetrated on other unsuspecting institutions such as Plaintiff in the past and will
17 continue to do so in the future.

18 **FIRST CLAIM FOR RELIEF**

19 **(Breach of Written Contract)**

20 AS AND FOR A FIRST CLAIM FOR RELIEF FOR BREACH OF WRITTEN
21 CONTRACT AGAINST DEFENDANTS DILIGENCE, K. CHISM, PARRISH AND
22 DOES 11 THROUGH 25, INCLUSIVE, PLAINTIFF ALLEGES:

23 49. Plaintiff realleges and incorporates herein by reference Paragraphs 1
24 through 46, inclusive, of Plaintiff's Complaint with the same force and effect as though
25 set forth in full herein.

26 50. There existed a written contract between Plaintiff and Defendants, and
27 each of them, the terms of which are set forth at Paragraphs 24 through 46, above and
28 in Exhibit "1".

1 51. Plaintiff has performed all terms, conditions and covenants required by
2 it under the written contract described hereinabove.

3 52. Defendants have failed to perform the various material covenants, terms
4 and conditions required of them under the written contract as set forth hereinabove.
5 Thus, Defendants are in material breach of the written contract between the parties.

6 53. As a result of Defendants' breach of the terms and conditions of the
7 written agreement and invoices between Plaintiff and Defendants, and each of them,
8 Plaintiff has been damaged in at least the sum of One Hundred Six Thousand Eight
9 Hundred Ten and 08/100 Dollars (\$106,810.08) or according to proof at the time of
10 trial together with interest thereon at the lawful rate of 10% per annum from and after
11 the "Payment Date" set forth on each invoice attached hereto as Exhibits "2" through
12 "7", inclusive plus the 5% additional fee agreed upon between the parties for the
13 additional extensions of time to pay granted by Plaintiff to Defendants in the sum of
14 \$5,340.50.

15 54. Plaintiff has employed RONALD P. SLATES, A PROFESSIONAL
16 CORPORATION, a duly licensed and registered professional corporation by the State
17 Bar of California, to file and prosecute this action and has been obligated to pay said
18 law corporation a fee for the services rendered by it to Plaintiff at the rate of Managing
19 Attorney Ronald P. Slates at \$695.00 per hour, \$595.00 per hour for legal services
20 rendered by Senior Attorneys "Of Counsel", Konrad L. Trope, Daren Schlecter and
21 Gerald Zack, \$550.00 per hour for services rendered by Associate Attorneys, \$495.00
22 per hour for services rendered by Senior Legal Assistant, \$395.00 per hour for services
23 rendered by Senior Paralegal and \$395.00 per hour for services rendered by In-House
24 Investigator/Registered Process Server Carl Knapp. Therefore, pursuant to Paragraph
25 10(j) of Exhibit "1" hereto, and as provided by California law, Plaintiff seeks attorney's
26 fees and costs herein in at least the sum of Fifty Thousand and 00/100 Dollars
27 (\$50,000.000) or according to proof at the time of trial.

28 ///

SECOND CLAIM FOR RELIEF

(Breach of Oral Contract)

AS AND FOR A SECOND CLAIM FOR RELIEF FOR BREACH OF ORAL CONTRACT AGAINST DEFENDANTS DILIGENCE, K. CHISM, PARRISH AND DOES 11 THROUGH 25, INCLUSIVE, PLAINTIFF ALLEGES:

55. Plaintiff realleges and incorporates herein by reference Paragraphs 1 through 46, inclusive, of Plaintiff's Complaint with the same force and effect as though set forth in full herein.

56. There existed an oral contract between Plaintiff and Defendants, and each of them, the terms of which are set forth at Paragraphs 24 through 46, above and are memorialized in Exhibit "1" hereto.

57. Plaintiff has performed all terms, conditions and covenants required by it under the oral contract described hereinabove and as memorialized in Exhibit "1" hereto.

58. Defendants have failed to perform the various material covenants, terms and conditions required of them as set forth hereinabove pursuant to the oral contracts (which are memorialized in Exhibit "1" hereto). Thus, Defendants are in material breach of the oral contract between the parties.

59. As a result of Defendants' breach of the terms and conditions of the oral agreement and invoices between Plaintiff and Defendants, and each of them, Plaintiff has been damaged in at least the sum of One Hundred Six Thousand Eight Hundred Ten and 08/100 Dollars (\$106,810.08) or according to proof at the time of trial together with interest thereon at the lawful rate of 10% per annum from and after the "Payment Date" set forth on each invoice attached hereto as Exhibits "2" through "7", inclusive plus the 5% additional fee agreed upon between the parties for the additional extensions of time to pay granted by Plaintiff to Defendants in the sum of \$5,340.50.

60. Plaintiff has employed RONALD P. SLATES, A PROFESSIONAL CORPORATION, a duly licensed and registered professional corporation by the State

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Bar of California, to file and prosecute this action and has been obligated to pay said law corporation a fee for the services rendered by it to Plaintiff at the rate of Managing Attorney Ronald P. Slates at \$695.00 per hour, \$595.00 per hour for legal services rendered by Senior Attorneys "Of Counsel", Konrad L. Trope, Daren Schlechter and Gerald Zack, \$550.00 per hour for services rendered by Associate Attorneys, \$495.00 per hour for services rendered by Senior Legal Assistant, \$395.00 per hour for services rendered by Senior Paralegal and \$395.00 per hour for services rendered by In-House Investigator/Registered Process Server Carl Knapp. Therefore, pursuant to Paragraph 10(j) of Exhibit "1" hereto, and as provided by California law, Plaintiff seeks attorney's fees and costs herein in at least the sum of Fifty Thousand and 00/100 Dollars (\$50,000.000) or according to proof at the time of trial.

THIRD CLAIM FOR RELIEF

(Violations of the Racketeering Influence and Corrupt Organizations Act ("RICO")) (Wire Fraud)

AS AND FOR A THIRD CLAIM FOR RELIEF FOR VIOLATIONS OF THE RACKETEERING INFLUENCE AND CORRUPT ORGANIZATIONS ACT ("RICO") (WIRE FRAUD) AGAINST DEFENDANTS K. CHISM, PARRISH AND DOES 1 THROUGH 10, INCLUSIVE, PLAINTIFF ALLEGES:

61. Plaintiff realleges and incorporates herein by reference Paragraphs 1 through 48, inclusive, Paragraphs 50 through 54, inclusive, and Paragraphs 56 through 60, inclusive, of its Complaint with the same force and effect as though set forth in full.

62. The relevant time period for Defendant K. Chism's and Parrish's pattern of racketeering stems from at least September 14, 2017 through the present, and possibly earlier, but at this point in discovery is as yet unknown and continues to the filing of this RICO Complaint.

63. Defendant K. Chism is now and was at all times relevant to this action a RICO Person ("RICO Person") within the meaning of 18 U.S.C. §§ 1961(3) and 1962(c).

64. Defendant Parrish is now and was at all times relevant to this action a RICO Person ("RICO Person") within the meaning of 18 U.S.C. §§ 1961(3) and 1962(c).

The RICO Enterprise

65. The RICO Persons have used the corporate entity, Diligence, within the meaning of 18 U.S.C. §§ 1961(4), to carry out the pattern of racketeering activity. This enterprise consists of the RICO enterprise(Diligence) operated by the RICO persons, Defendants K. Chism, Parrish and Does 1 through 10 hereto (the "Rico Family"). This RICO enterprise possessed and continues to possess a common purpose and goal, a membership, organizational structure, and an ongoing relationship amongst the RICO Persons, the RICO enterprise (which was formed by Defendant K. Chism on or about September 14, 2017) and the Rico Family with sufficient longevity to permit and enable pursuit of the enterprise's purpose and long term objective through a continuous course of conduct that affected and continues to affect interstate commerce.

66. This association-in-fact enterprise of Defendants also consists of non-Defendants S. Chism, O. Chism, A. Chism and J. Wiley (the "Rico Family and Friends"). Plaintiff is informed and believes, and based upon such information and belief alleges, that all of the afore-named individuals facilitated and assisted the RICO Persons defined hereinabove, in carrying out the enterprise described hereinabove and hereinbelow but Plaintiff does not at this time have sufficient facts to maintain a claim for relief against said individuals. Plaintiff will amend its Complaint to set forth their true names when same have been ascertained.

67. Diligence is an enterprise that exists separate and apart from Defendants K. Chism's and Parrish's pattern of racketeering activity inasmuch as the RICO Persons, the RICO enterprise, the Rico Family and the Rico Family and Friends have multiple goals, not all of which are fraudulent or illegal. The lawful activity engaged in by the Diligence enterprise includes functioning as a regular business which provides security guards to the clients of Diligence which consists of

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1 public/government entities throughout the State of Tennessee. However, The RICO
 2 Persons, the RICO business, the Rico Family and the Rico Family and Friends have,
 3 since at least May of 2023, used this enterprise to conduct the repetitive acts of wire
 4 fraud which compromise the pattern of racketeering, as well as the continuous acts set
 5 forth hereinabove, which constitute violations of the criminal acts of wire fraud.

6 68. Defendant K. Chism is a “person” under the civil RICO statute because
 7 he knowingly and fraudulently masterminded, conducted and participated in the
 8 conduct, the management and the operation of the enterprise’s affairs, directly or
 9 indirectly, through a pattern of wire fraud racketeering activity in violation of 18
 10 U.S.C. § 1962(c).

11 69. As part of the wire fraud scheme, Defendants Parrish and DOES 1
 12 through 10, inclusive, at the direction of Defendant K. Chism, used a complex scheme
 13 to transfer funds which rightfully belonged to Plaintiff pursuant to the terms and
 14 conditions of Exhibit “1” hereto to banks, other than Bank of America, N.A. account
 15 #1732 where the funds from 3rd party vendors were to be deposited pursuant to said
 16 written agreement, in Tennessee and elsewhere in the United States.

17 70. At all relevant times, the Defendants and other conspirators associated
 18 with the Diligence enterprise conducted and participated, directly or indirectly, in the
 19 conduct of the enterprise affairs through a “pattern of racketeering activity” within the
 20 meaning of RICO, 18 U.S.C. § 1961(5), in violation of RICO, 18 U.S.C. § 1962(e).

21 71. Specifically, at all relevant times, Defendants K. Chism, Parrish and
 22 Does 1 through 10, inclusive, engaged in “racketeering activity” within the meaning
 23 of 18 U.S.C. § 1961(1) by engaging in the acts set forth above against Plaintiff, and
 24 other financial institutions in the marketplace all with the express purpose of avoiding
 25 payment of the outstanding amounts due to Plaintiff.

26 72. In furtherance of this racketeering pattern, since May of 2023,
 27 Defendants caused monies to be transferred into bank accounts to which Plaintiff did
 28 not have access and thereafter converted said funds to their own use and benefit.

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73. In addition, Defendants, as part of their racketeering activity also took the funds illegally taken out of the Bank of America, N.A. account #1732 to which Plaintiff had access and deposited those funds into accounts at Banks in the United States to which Plaintiff did not have access, and said funds were also used to pay the personal and/or business expenses of Defendants K. Chism, Parrish and Does 1 through 10, inclusive.

74. Thus, the acts set forth above constitute a violation of one or more of the following statutes: 18 U.S.C. § 1956 and § 1957 (wire fraud, money laundering and theft/conversion). Defendants and their accomplices and co-conspirators each committed and/or aided and abetted in the commission of two or more of these acts of racketeering activities.

75. The acts by the RICO Persons in furtherance of their wire fraud scheme to launder funds and convert same to their own use to avoid payment of the outstanding amounts due to Plaintiff constituted a pattern of racketeering activity within the meaning of 18 U.S.C. § 1961(5) because the predicate acts are repetitive, related and continuous. Each predicate act described hereinabove had the same or similar purpose: the predicate acts involved material misrepresentations, omissions and concealment in a scheme to injure Plaintiff and defraud Plaintiff of the monies rightfully due to it pursuant to the terms and conditions of Exhibit "1" hereto. This pattern of racketeering is separate and distinct from the legitimate business activities of Diligence.

76. Defendants and other disparagers committed acts in violation of 18 U.S.C. § 1956(a)(1) in which Defendants conducted a financial transaction, namely, the transference of funds out of bank accounts to which Plaintiff had agreed upon access with the specific intent of designing or concealing or disguising the nature, location, source, ownership or control of the proceeds. See 18 U.S.C. § 1956(a)(1)(B)(i).

77. In addition, Plaintiff is informed and believes and thereon alleges that the multiple transactions were undertaken by the Defendants with the knowledge that

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1 the transaction was designed to avoid the transaction reporting requirements under
 2 Federal statutes [e.g., in violation of 31 U.S.C. §§5313 (currency transaction reports),
 3 5316 (Currency and Monetary Instruments Reports), or 26 U.S.C. §6050I (Internal
 4 Revenue Service Form 8300)].

5 78. Defendants, indeed, have, through their misconduct described
 6 hereinabove violated 18 U.S.C. §1957, because these Defendants, or at the very least
 7 Defendants K. Chism and Parrish, conducted multiple monetary transactions that were
 8 criminal by nature because the funds were illegally taken out of bank accounts to
 9 which Plaintiff had access pursuant to the terms and conditions of Exhibit "1" hereto
 10 and turned into cash and/or placed in bank accounts over which Plaintiff had no access,
 11 and that such property was in an amount greater than \$10,000. See U.S.C. §1957(f)(1).
 12 These transactions included deposits, withdrawals, transfers, or exchanges, in or
 13 effecting interstate commerce, of funds or monetary instruments that by, or through,
 14 to a financial institution, including any transaction that would be defined as a
 15 transaction under 18 U.S.C. §§1956(c)(3) and 1956(c)(4).

16 79. Furthermore, each one of these financial transactions constitutes a
 17 separate act unless there is a pattern of illegal conduct that qualifies for invocation of
 18 the RICO statute. See, e.g., *United States v. Prescott*, 42 Cap.F.3d 1165 (8th Cir.
 19 1994); *United States v. Conley*, 826 F.Supp. 1536 (W.D.Pa. 1998).

20 80. There is extra territorial jurisdiction for these violations as the
 21 transactions in question not only exceed \$10,000, but also that the wire fraud was
 22 conducted by a United States citizen and the conduct occurred in the United States.
 23 See 18 U.S.C. §§1956(f), 1957(d).

24 81. The acts of racketeering activity previously described constitute a
 25 "pattern of racketeering activity" within the meaning of 18 U.S.C. § 1951(5).

26 82. The acts alleged were related to each other by virtue of common
 27 participants, common victims and a common result of fraud and enriching the
 28 Defendants and conspirators at Plaintiff's expense while concealing the conspirators'

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1 fraudulent activities. The wire fraud scheme continues and would have remained
 2 unknown but for Plaintiff having discovered the fraudulent activities when it attempted
 3 to debit the Bank of America, N.A. account #1732 of Diligence and there were no
 4 funds present therein after Plaintiff had confirmed that Diligence's 3rd party vendors
 5 had in fact paid all outstanding amounts due to Diligence.

6 83. To date, Plaintiff has been damaged in at least the sum of One Hundred
 7 Six Thousand Eight Hundred Ten and 08/100 Dollars (\$106,810.08) or according to
 8 proof at the time of trial together with interest thereon at the lawful rate of 10% per
 9 annum from and after the "Payment Date" set forth on each invoice attached hereto as
 10 Exhibits "2" through "7", inclusive plus the 5% additional fee agreed upon between the
 11 parties for the additional extensions of time to pay granted by Plaintiff to Defendants
 12 in the sum of \$5,340.50 plus attorneys' fees.

13 84. Pursuant to RICO, 18 U.S.C. § 1964(c), Plaintiff is entitled to recover
 14 three-fold its damages, plus costs and attorneys' fees from the Defendants.

15 **FOURTH CLAIM FOR RELIEF**

16 **(Violations of the Racketeering Influence and Corrupt Organizations Act** 17 **("RICO")) (Money Laundering)**

18 AS AND FOR A FOURTH CLAIM FOR RELIEF FOR VIOLATIONS OF THE
 19 RACKETEERING INFLUENCE AND CORRUPT ORGANIZATIONS ACT
 20 ("RICO") (MONEY LAUNDERING) AGAINST DEFENDANTS K. CHISM,
 21 PARRISH AND DOES 1 THROUGH 10, INCLUSIVE, PLAINTIFF ALLEGES:

22 85. Plaintiff realleges and incorporates herein by reference Paragraphs 1
 23 through 48, inclusive, Paragraphs 50 through 54, inclusive, and Paragraphs 56 through
 24 60, inclusive, of its Complaint with the same force and effect as though set forth in full.

25 86. The relevant time period for Defendant K. Chism's and Parrish's pattern
 26 of racketeering stems from at least September 14, 2017 through the present, and
 27 possibly earlier, but at this point in discovery is as yet unknown and continues to the
 28 filing of this RICO Complaint.

1 87. Defendant K. Chism is now and was at all times relevant to this action
2 a RICO Person ("RICO Person") within the meaning of 18 U.S.C. §§ 1961(3) and
3 1962(c).

4 88. Defendant Parrish is now and was at all times relevant to this action a
5 RICO Person ("RICO Person") within the meaning of 18 U.S.C. §§ 1961(3) and
6 1962(c).

7 **The RICO Enterprise**

8 89. The RICO Persons have used the corporate entity, Diligence, within the
9 meaning of 18 U.S.C. §§ 1961(4), to carry out the pattern of racketeering activity. This
10 enterprise consists of the RICO enterprise (Diligence) operated by the RICO persons,
11 Defendants K. Chism, Parrish and Does 1 through 10 hereto (the "Rico Family"). This
12 RICO enterprise possessed and continues to possess a common purpose and goal, a
13 membership, organizational structure, and an ongoing relationship amongst the RICO
14 Persons, the RICO enterprise (which was formed by Defendant K. Chism on or about
15 September 14, 2017) and the Rico Family with sufficient longevity to permit and
16 enable pursuit of the enterprise's purpose and long term objective through a continuous
17 course of conduct that affected and continues to affect interstate commerce.

18 90. This association-in-fact enterprise of Defendants also consists of non-
19 Defendants S. Chism, O. Chism, A. Chism and J. Wiley (the "Rico Family and
20 Friends"). Plaintiff is informed and believes, and based upon such information and
21 belief alleges, that all of the afore-named individuals facilitated and assisted the RICO
22 Persons defined hereinabove, in carrying out the enterprise described hereinabove and
23 hereinbelow but Plaintiff does not at this time have sufficient facts to maintain a claim
24 for relief against said individuals. Plaintiff will amend its Complaint to set forth their
25 true names when same have been ascertained.

26 91. Diligence is an enterprise that exists separate and apart from Defendants
27 K. Chism's and Parrish's pattern of racketeering activity inasmuch as the RICO
28 Persons, the RICO Business, the Rico Family and the Rico Family and Friends have

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multiple goals, not all of which are fraudulent or illegal. The lawful activity engaged in by the Diligence enterprise includes functioning as a regular business which provides security guards to the clients of Diligence which consists of public/government entities throughout the State of Tennessee. However, The RICO Persons, the RICO business, the Rico Family and the Rico Family and Friends have, since at least May of 2023, used this enterprise to conduct the repetitive acts of money laundering which compromise the pattern of racketeering, as well as the continuous acts set forth hereinabove, which constitute violations of the criminal acts of money laundering.

92. Defendant K. Chism is a “person” under the civil RICO statute because he knowingly and fraudulently masterminded, conducted and participated in the conduct, the management and the operation of the enterprise’s affairs, directly or indirectly, through a pattern of money laundering racketeering activity in violation of 18 U.S.C. § 1962(c).

93. As part of the money laundering scheme, Defendants Parrish and DOES 1 through 10, inclusive, at the direction of Defendant K. Chism, used a complex scheme to transfer funds which rightfully belonged to Plaintiff pursuant to the terms and conditions of Exhibit “1” hereto to banks, other than Bank of America, N.A. account #1732 where the funds from 3rd party vendors were to be deposited pursuant to said written agreement, in Tennessee and elsewhere in the United States.

94. At all relevant times, the Defendants and other conspirators associated with the Diligence enterprise conducted and participated, directly or indirectly, in the conduct of the enterprise affairs through a “pattern of racketeering activity” within the meaning of RICO, 18 U.S.C. § 1961(5), in violation of RICO, 18 U.S.C. § 1962(e).

95. Specifically, at all relevant times, Defendants K. Chism, Parrish and Does 1 through 10, inclusive, engaged in “racketeering activity” within the meaning of 18 U.S.C. § 1961(1) by engaging in the acts set forth above against Plaintiff, and other financial institutions in the marketplace all with the express purpose of avoiding

1 payment of the outstanding amounts due to Plaintiff.

2 96. In furtherance of this racketeering pattern, since May of 2023,
3 Defendants caused monies to be transferred into bank accounts to which Plaintiff did
4 not have access and thereafter converted said funds to their own use and benefit.

5 97. In addition, Defendants, as part of their racketeering activity also took
6 the funds illegally taken out of the Bank of America, N.A. account #1732 to which
7 Plaintiff had access and deposited those funds into accounts at Banks in the United
8 States to which Plaintiff did not have access, and said funds were also used to pay the
9 personal and/or business expenses of Defendants K. Chism, Parrish and Does 1
10 through 10, inclusive.

11 98. Thus, the acts set forth above constitute a violation of one or more of the
12 following statutes: 18 U.S.C. § 1956 and § 1957 (wire fraud, money laundering and
13 theft/conversion). Defendants and their accomplices and co-conspirators each
14 committed and/or aided and abetted in the commission of two or more of these acts of
15 racketeering activities.

16 99. The acts by the RICO Persons in furtherance of their money laundering
17 scheme to launder funds and convert same to their own use to avoid payment of the
18 outstanding amounts due to Plaintiff constituted a pattern of racketeering activity
19 within the meaning of 18 U.S.C. § 1961(5) because the predicate acts are repetitive,
20 related and continuous. Each predicate act described hereinabove had the same or
21 similar purpose: the predicate acts involved material misrepresentations, omissions and
22 concealment in a scheme to injure Plaintiff and defraud Plaintiff of the monies
23 rightfully due to it pursuant to the terms and conditions of Exhibit "1" hereto. This
24 pattern of racketeering is separate and distinct from the legitimate business activities
25 of Diligence.

26 100. Defendants and other disparagers committed acts in violation of 18
27 U.S.C. §1956(a)(1) in which Defendants conducted a financial transaction, namely, the
28 transference of funds out of bank accounts to which Plaintiff had agreed upon access

1 with the specific intent of designing or concealing or disguising the nature, location,
2 source, ownership or control of the proceeds. See 18 U.S.C. § 1956(a)(1)(B)(i).

3 101. In addition, Plaintiff is informed and believes and thereon alleges that
4 the multiple transactions were undertaken by the Defendants with the knowledge that
5 the transaction was designed to avoid the transaction reporting requirements under
6 Federal statutes [e.g., in violation of 31 U.S.C. §§5313 (currency transaction reports),
7 5316 (Currency and Monetary Instruments Reports), or 26 U.S.C. §6050I (Internal
8 Revenue Service Form 8300)].

9 102. Defendants, indeed, have, through their misconduct described
10 hereinabove violated 18 U.S.C. §1957, because these Defendants, or at the very least
11 Defendants K. Chism and Parrish, conducted multiple monetary transactions that were
12 criminal by nature because the funds were illegally taken out of bank accounts to
13 which Plaintiff had access pursuant to the terms and conditions of Exhibit "1" hereto
14 and turned into cash and/or placed in bank accounts over which Plaintiff had no access,
15 and that such property was in an amount greater than \$10,000. See U.S.C. §1957(f)(1).
16 These transactions included deposits, withdrawals, transfers, or exchanges, in or
17 effecting interstate commerce, of funds or monetary instruments that by, or through,
18 to a financial institution, including any transaction that would be defined as a
19 transaction under 18 U.S.C. §§1956(c)(3) and 1956(c)(4).

20 103. Furthermore, each one of these financial transactions constitutes a
21 separate act unless there is a pattern of illegal conduct that qualifies for invocation of
22 the RICO statute. See, e.g., *United States v. Prescott*, 42 Cap.F.3d 1165 (8th Cir.
23 1994); *United States v. Conley*, 826 F.Supp. 1536 (W.D.Pa. 1998).

24 104. There is extra territorial jurisdiction for these violations as the
25 transactions in question not only exceed \$10,000, but also that the money laundering
26 was conducted by a United States citizen and the conduct occurred in the United
27 States. See 18 U.S.C. §§1956(f), 1957(d).

28 105. The acts of racketeering activity previously described constitute a

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1 “pattern of racketeering activity” within the meaning of 18 U.S.C. § 1951(5).

2 106. The acts alleged were related to each other by virtue of common
 3 participants, common victims and a common result of fraud and enriching the
 4 Defendants and conspirators at Plaintiff’s expense while concealing the conspirators’
 5 fraudulent activities. The money laundering scheme continues and would have
 6 remained unknown but for Plaintiff having discovered the fraudulent activities when
 7 it attempted to debit the Bank of America, N.A. account #1732 of Diligence and there
 8 were no funds present therein after Plaintiff had confirmed that Diligence’s 3rd party
 9 vendors had in fact paid all outstanding amounts due to Diligence.

10 107. To date, Plaintiff has been damaged in at least the sum of One Hundred
 11 Six Thousand Eight Hundred Ten and 08/100 Dollars (\$106,810.08) or according to
 12 proof at the time of trial together with interest thereon at the lawful rate of 10% per
 13 annum from and after the “Payment Date” set forth on each invoice attached hereto as
 14 Exhibits “2” through “7”, inclusive plus the 5% additional fee agreed upon between the
 15 parties for the additional extensions of time to pay granted by Plaintiff to Defendants
 16 in the sum of \$5,340.50 plus attorneys’ fees.

17 108. Pursuant to RICO, 18 U.S.C. § 1964(c), Plaintiff is entitled to recover
 18 three-fold its damages, plus costs and attorneys’ fees from the Defendants.

19 **FIFTH CLAIM FOR RELIEF**

20 **(Violations of the Racketeering Influence and Corrupt Organizations Act** 21 **(“RICO”)) (Theft/Conversion)**

22 AS AND FOR A FIFTH CLAIM FOR RELIEF FOR VIOLATIONS OF THE
 23 RACKETEERING INFLUENCE AND CORRUPT ORGANIZATIONS ACT
 24 (“RICO”) (THEFT/CONVERSION) AGAINST DEFENDANTS K. CHISM,
 25 PARRISH AND DOES 1 THROUGH 10, INCLUSIVE, PLAINTIFF ALLEGES:

26 109. Plaintiff realleges and incorporates herein by reference Paragraphs 1
 27 through 48, inclusive, Paragraphs 50 through 54, inclusive, and Paragraphs 56 through
 28 60, inclusive, of its Complaint with the same force and effect as though set forth in full.

1 110. The relevant time period for Defendant K. Chism's and Parrish's pattern
 2 of racketeering stems from at least September 14, 2017 through the present, and
 3 possibly earlier, but at this point in discovery is as yet unknown and continues to the
 4 filing of this RICO Complaint.

5 111. Defendant K. Chism is now and was at all times relevant to this action
 6 a RICO Person ("RICO Person") within the meaning of 18 U.S.C. §§ 1961(3) and
 7 1962(c).

8 112. Defendant Parrish is now and was at all times relevant to this action a
 9 RICO Person ("RICO Person") within the meaning of 18 U.S.C. §§ 1961(3) and
 10 1962(c).

11 **The RICO Enterprise**

12 113. The RICO Persons have used the corporate entity, Diligence, within the
 13 meaning of 18 U.S.C. §§ 1961(4), to carry out the pattern of racketeering activity. This
 14 enterprise consists of the RICO enterprise (Diligence) operated by the RICO persons,
 15 Defendants K. Chism, Parrish and Does 1 through 10 hereto (the "Rico Family"). This
 16 RICO enterprise possessed and continues to possess a common purpose and goal, a
 17 membership, organizational structure, and an ongoing relationship amongst the RICO
 18 Persons, the RICO business (which was formed by Defendant K. Chism on or about
 19 September 14, 2017) and the Rico Family with sufficient longevity to permit and
 20 enable pursuit of the enterprise's purpose and long term objective through a continuous
 21 course of conduct that affected and continues to affect interstate commerce.

22 114. This association-in-fact enterprise of Defendants also consists of non-
 23 Defendants S. Chism, O. Chism, A. Chism and J. Wiley (the "Rico Family and
 24 Friends"). Plaintiff is informed and believes, and based upon such information and
 25 belief alleges, that all of the afore-named individuals facilitated and assisted the RICO
 26 Persons defined hereinabove, in carrying out the enterprise described hereinabove and
 27 hereinbelow but Plaintiff does not at this time have sufficient facts to maintain a claim
 28 for relief against said individuals. Plaintiff will amend its Complaint to set forth their

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1 true names when same have been ascertained.

2 115. Diligence is an enterprise that exists separate and apart from Defendants
 3 K. Chism's and Parrish's pattern of racketeering activity inasmuch as the RICO
 4 Persons, the RICO enterprise, the Rico Family and the Rico Family and Friends have
 5 multiple goals, not all of which are fraudulent or illegal. The lawful activity engaged
 6 in by the Diligence enterprise includes functioning as a regular business which
 7 provides security guards to the clients of Diligence which consists of
 8 public/government entities throughout the State of Tennessee. However, The RICO
 9 Persons, the RICO enterprise, the Rico Family and the Rico Family and Friends have,
 10 since at least May of 2023, used this enterprise to conduct the repetitive acts of
 11 theft/conversion which compromise the pattern of racketeering, as well as the
 12 continuous acts set forth hereinabove, which constitute violations of the criminal acts
 13 of theft/conversion.

14 116. Defendant K. Chism is a "person" under the civil RICO statute because
 15 he knowingly and fraudulently masterminded, conducted and participated in the
 16 conduct, the management and the operation of the enterprise's affairs, directly or
 17 indirectly, through a pattern of theft/conversion racketeering activity in violation of 18
 18 U.S.C. § 1962(c).

19 117. As part of the theft/conversion scheme, Defendants Parrish and DOES
 20 1 through 10, inclusive, at the direction of Defendant K. Chism, used a complex
 21 scheme to transfer funds which rightfully belonged to Plaintiff pursuant to the terms
 22 and conditions of Exhibit "1" hereto to banks, other than Bank of America, N.A.
 23 account #1732 where the funds from 3rd party vendors were to be deposited pursuant
 24 to said written agreement, in Tennessee and elsewhere in the United States.

25 118. At all relevant times, the Defendants and other conspirators associated
 26 with the Diligence enterprise conducted and participated, directly or indirectly, in the
 27 conduct of the enterprise affairs through a "pattern of racketeering activity" within the
 28 meaning of RICO, 18 U.S.C. § 1961(5), in violation of RICO, 18 U.S.C. § 1962(e).

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119. Specifically, at all relevant times, Defendants K. Chism, Parrish and Does 1 through 10, inclusive, engaged in “racketeering activity” within the meaning of 18 U.S.C. § 1961(1) by engaging in the acts set forth above against Plaintiff, and other financial institutions in the marketplace all with the express purpose of avoiding payment of the outstanding amounts due to Plaintiff.

120. In furtherance of this racketeering pattern, since May of 2023, Defendants caused monies to be transferred into bank accounts to which Plaintiff did not have access and thereafter converted said funds to their own use and benefit.

121. In addition, Defendants, as part of their racketeering activity also took the funds illegally taken out of the Bank of America, N.A. account #1732 to which Plaintiff had access and deposited those funds into accounts at Banks in the United States to which Plaintiff did not have access, and said funds were also used to pay the personal and/or business expenses of Defendants K. Chism, Parrish and Does 1 through 10, inclusive.

122. Thus, the acts set forth above constitute a violation of one or more of the following statutes: 18 U.S.C. § 1956 and § 1957 (wire fraud, money laundering and theft/conversion). Defendants and their accomplices and co-conspirators each committed and/or aided and abetted in the commission of two or more of these acts of racketeering activities.

123. The acts by the RICO Persons in furtherance of their theft/conversion scheme to launder funds and convert same to their own use to avoid payment of the outstanding amounts due to Plaintiff constituted a pattern of racketeering activity within the meaning of 18 U.S.C. § 1961(5) because the predicate acts are repetitive, related and continuous. Each predicate act described hereinabove had the same or similar purpose: the predicate acts involved material misrepresentations, omissions and concealment in a scheme to injure Plaintiff and defraud Plaintiff of the monies rightfully due to it pursuant to the terms and conditions of Exhibit “1” hereto. This pattern of racketeering is separate and distinct from the legitimate business activities

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1 of Diligence.

2 124. Defendants and other disparagers committed acts in violation of 18
 3 U.S.C. §1956(a)(1) in which Defendants conducted a financial transaction, namely, the
 4 transference of funds out of bank accounts to which Plaintiff had agreed upon access
 5 with the specific intent of designing or concealing or disguising the nature, location,
 6 source, ownership or control of the proceeds. See 18 U.S.C. § 1956(a)(1)(B)(i).

7 125. In addition, Plaintiff is informed and believes and thereon alleges that
 8 the multiple transactions were undertaken by the Defendants with the knowledge that
 9 the transaction was designed to avoid the transaction reporting requirements under
 10 Federal statutes [e.g., in violation of 31 U.S.C. §§5313 (currency transaction reports),
 11 5316 (Currency and Monetary Instruments Reports), or 26 U.S.C. §6050I (Internal
 12 Revenue Service Form 8300)].

13 126. Defendants, indeed, have, through their misconduct described
 14 hereinabove violated 18 U.S.C. §1957, because these Defendants, or at the very least
 15 Defendants K. Chism and Parrish, conducted multiple monetary transactions that were
 16 criminal by nature because the funds were illegally taken out of bank accounts to
 17 which Plaintiff had access pursuant to the terms and conditions of Exhibit "1" hereto
 18 and turned into cash and/or placed in bank accounts over which Plaintiff had no access,
 19 and that such property was in an amount greater than \$10,000. See U.S.C. §1957(f)(1).
 20 These transactions included deposits, withdrawals, transfers, or exchanges, in or
 21 effecting interstate commerce, of funds or monetary instruments that by, or through,
 22 to a financial institution, including any transaction that would be defined as a
 23 transaction under 18 U.S.C. §§1956(c)(3) and 1956(c)(4).

24 127. Furthermore, each one of these financial transactions constitutes a
 25 separate act unless there is a pattern of illegal conduct that qualifies for invocation of
 26 the RICO statute. See, e.g., *United States v. Prescott*, 42 Cap.F.3d 1165 (8th Cir.
 27 1994); *United States v. Conley*, 826 F.Supp. 1536 (W.D.Pa. 1998).

28 128. There is extra territorial jurisdiction for these violations as the

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1 transactions in question not only exceed \$10,000, but also that the theft/conversion was
2 conducted by a United States citizen and the conduct occurred in the United States.
3 See 18 U.S.C. §§1956(f), 1957(d).

4 129. The acts of racketeering activity previously described constitute a
5 “pattern of racketeering activity” within the meaning of 18 U.S.C. § 1951(5).

6 130. The acts alleged were related to each other by virtue of common
7 participants, common victims and a common result of fraud and enriching the
8 Defendants and conspirators at Plaintiff’s expense while concealing the conspirators’
9 fraudulent activities. The theft/conversion scheme continues and would have remained
10 unknown but for Plaintiff having discovered the fraudulent activities when it attempted
11 to debit the Bank of America, N.A. account #1732 of Diligence and there were no
12 funds present therein after Plaintiff had confirmed that Diligence’s 3rd party vendors
13 had in fact paid all outstanding amounts due to Diligence.

14 131. To date, Plaintiff has been damaged in at least the sum of One Hundred
15 Six Thousand Eight Hundred Ten and 08/100 Dollars (\$106,810.08) or according to
16 proof at the time of trial together with interest thereon at the lawful rate of 10% per
17 annum from and after the “Payment Date” set forth on each invoice attached hereto as
18 Exhibits “2” through “7”, inclusive plus the 5% additional fee agreed upon between the
19 parties for the additional extensions of time to pay granted by Plaintiff to Defendants
20 in the sum of \$5,340.50 plus attorneys’ fees.

21 132. Pursuant to RICO, 18 U.S.C. § 1964(c), Plaintiff is entitled to recover
22 three-fold its damages, plus costs and attorneys’ fees from the Defendants.

23 SIXTH CLAIM FOR RELIEF

24 (Fraud and Deceit - Intentional Misrepresentation - Suppression of Fact)

25 AS AND FOR A SIXTH CLAIM FOR RELIEF FOR FRAUD AND DECEIT -
26 INTENTIONAL MISREPRESENTATION - SUPPRESSION OF FACT, AGAINST
27 DEFENDANTS DILIGENCE, K. CHISM, PARRISH AND DOES 11 THROUGH 25,
28 INCLUSIVE, PLAINTIFF ALLEGES:

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133. Plaintiff realleges and incorporates herein by reference Paragraphs 1 through 48, inclusive, Paragraphs 50 through 54, inclusive, and Paragraphs 56 through 60, inclusive, of its Complaint with the same force and effect as though set forth in full.

134. Plaintiff is informed and believes, and based upon such information and belief alleges, that commencing on June 5, 2023 and continuing through the present, Defendants, and each of them, through Defendants K. Chism and Parrish, falsely, fraudulently and intentionally made the representations telephonically and in writing (via email) set forth in Paragraphs 31 through 48 hereinabove and as evidenced by Exhibits "1" through "15" hereto.

135. The representations made by Defendants, and each of them, were in fact false, fraudulent and intentional. The true facts were that Defendants, and each of them, through Defendants K. Chism and Parrish, knew, at the time they made the foregoing false and fraudulent representations that Defendants had no intention of paying the outstanding amounts due to Plaintiff and in truth and in fact it was a "scheme" orchestrated by Defendants to deprive Plaintiff of the monies to which it was rightfully entitled. All of the false and fraudulent representations were made by Defendants, through Defendants K. Chism and Parrish, to induce Plaintiff into factoring the invoices/accounts receivable of Defendant Diligence so that Defendants, and each of them, could divert the funds received from Defendants' customers in payment of invoices to their own use and benefit and could obtain monies from Plaintiff on invoices which had already been paid by Defendants' customers.

136. Furthermore, Plaintiff believes that (a) the payment by Defendants on the first twenty-six invoices factored was done for the purpose of lulling Plaintiff into a fall sense of security that Defendants would in fact pay Plaintiff for the additional invoices factored (Exhibits "2" through "7", inclusive hereto) when in truth and in fact, Defendants knew that payment had already been made by Defendants' customers and always intended to divert and convert the funds paid by their customers, which funds rightfully belonged to Plaintiff, to their own use and benefit.

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1 137. Plaintiff is further informed and believes and based thereon alleges that
 2 Defendants never had any intention whatsoever of paying Plaintiff any additional sums
 3 on the factored invoices/accounts receivable, but rather always intended to keep the
 4 \$106,810.08 advanced by Plaintiff and convert same to their own use and benefit.

5 138. When Defendants, and each of them, intentionally made these false and
 6 fraudulent representations they knew them to be false, and these false and fraudulent
 7 representations were made by Defendants, and each of them, with the intent to defraud
 8 and deceive Plaintiff, and with the intent to induce Plaintiffs to act in the manner
 9 herein alleged.

10 139. Plaintiff, at the time these false and fraudulent representations were
 11 intentionally made by Defendants, and each of them, and at the time Plaintiff took the
 12 actions herein alleged, was ignorant of the falsity of Defendants' representations and
 13 believed them to be true. In justifiable reliance on these false and fraudulent
 14 representations, Plaintiff was induced to and did factor Exhibits "2" through "7"
 15 inclusive, hereto into a bank account controlled, exclusively, by Diligence. Had
 16 Plaintiff known the actual facts, it would never have factored Exhibits "2" through "7"
 17 inclusive, hereto into a bank account controlled by Defendant Diligence. Plaintiff's
 18 reliance on Defendants' false and fraudulent representations was justified because
 19 Defendants had timely paid Plaintiff the monies due on twenty-six (26) prior invoices.

20 140. As a proximate result of Defendants' fraud and deceit and the facts herein
 21 alleged, Plaintiff was deprived of the monies to which it was rightfully entitled, all to
 22 Plaintiff's damage in at least the sum of One Hundred Six Thousand Eight Hundred
 23 Ten and 08/100 Dollars (\$106,810.08) or according to proof at the time of trial
 24 together with interest thereon at the lawful rate of 10% per annum from and after the
 25 "Payment Date" set forth on each invoice attached hereto as Exhibits "2" through "7",
 26 inclusive plus the 5% additional fee agreed upon between the parties for the additional
 27 extensions of time to pay granted by Plaintiff to Defendants in the sum of \$5,340.50
 28 plus attorneys' fees and costs according to proof but in at least the sum of \$50,000.00,

1 or in an amount to be determined at trial.

2 141. The aforementioned conduct of Defendants, and each of them, was
3 intentional misrepresentation, deceit or concealment of a material fact known to the
4 Defendants with the intention on the part of the Defendants of thereby depriving
5 Plaintiff of property or legal rights or otherwise causing injury, and was despicable
6 conduct that subjected Plaintiff to a cruel and unjust hardship in conscious disregard
7 of Plaintiff's rights, so as to justify an award of punitive and exemplary damages, as
8 well as an award of attorneys' fees to the extent allowed by law.

9 SEVENTH CLAIM FOR RELIEF

10 (Fraud and Deceit - Negligent Misrepresentation - Suppression of Fact)

11 AS AND FOR A SEVENTH CLAIM FOR RELIEF FOR FRAUD AND
12 DECEIT - NEGLIGENT MISREPRESENTATION - SUPPRESSION OF FACT,
13 AGAINST DEFENDANTS DILIGENCE, K. CHISM, PARRISH AND DOES 11
14 THROUGH 25, INCLUSIVE, PLAINTIFF ALLEGES:

15 142. Plaintiff realleges and incorporates herein by reference Paragraphs 1
16 through 48, inclusive, Paragraphs 50 through 54, inclusive, and Paragraphs 56 through
17 60, inclusive, of its Complaint with the same force and effect as though set forth in full.

18 143. In order to state a claim for negligent misrepresentation, Plaintiff must
19 plead: (1) the misrepresentation of a past or existing material fact, (2) without
20 reasonable ground for believing it to be true, (3) within intent to induce another's
21 reliance on the fact misrepresented, (4) justifiable reliance on the misrepresentation;
22 and (5) resulting damage. *Apollo Fund, LLC v. Roth Capital Partners, LLC*, 158
23 Cal.App.4th 226, 243 (2007). "Negligent misrepresentation is a species of fraud or
24 deceit specifically requiring an assertion." *Wilson v. Century 21*, 15 Cal.App.4th 298,
25 306 (1993). Yet unlike an allegation of fraud, "negligent misrepresentation does not
26 require knowledge of falsity." *Apollo*, 158 Cal.App.4th at 243. Moreover, the Ninth
27 Circuit has not yet decided whether the heightened pleading requirements under Rule
28 9 apply in negligent misrepresentation claims. *Petersen v. Allstate Indemnity Co.*, 281

1 F.R.D. 413, 418-19 (C.D. Cal. 2012).

2 144. In light of the fact that Plaintiff has stated and set forth a valid claim for
3 fraud against the Defendants based on the facts alleged hereinabove, we ask the Court
4 to also find that Plaintiff has stated a claim for negligent misrepresentation. *See Cisco*
5 *Systems, Inc. v. Tsai*, 215 W.L. 1273249 at *5 (C.D. Cal. January 9, 2015) (confirming
6 claim for negligent misrepresentation can be established by the same elements of fraud
7 but without the knowledge element).

8 145. As a proximate result of Defendants' negligent misrepresentation and the
9 facts herein alleged, Plaintiff has suffered damages in at least the sum of One Hundred
10 Six Thousand Eight Hundred Ten and 08/100 Dollars (\$106,810.08) or according to
11 proof at the time of trial together with interest thereon at the lawful rate of 10% per
12 annum from and after the "Payment Date" set forth on each invoice attached hereto as
13 Exhibits "2" through "7", inclusive plus the 5% additional fee agreed upon between the
14 parties for the additional extensions of time to pay granted by Plaintiff to Defendants
15 in the sum of \$5,340.50 plus attorneys' fees and costs according to proof but in at least
16 the sum of \$50,000.00, or in an amount to be determined at trial.

17 EIGHTH CLAIM FOR RELIEF

18 (Conversion)

19 AS AND FOR AN EIGHTH CLAIM FOR RELIEF FOR CONVERSION
20 AGAINST DEFENDANTS DILIGENCE, K. CHISM, PARRISH AND DOES 11
21 THROUGH 25, INCLUSIVE, PLAINTIFF ALLEGES:

22 146. Plaintiff realleges and incorporates herein by reference Paragraphs 1
23 through 48, inclusive, Paragraphs 50 through 54, inclusive, and Paragraphs 56 through
24 60, inclusive, of its Complaint with the same force and effect as though set forth in full.

25 147. From on or about May 1, 2023 through the present, Plaintiff was and still
26 is the owner of and entitled to possession of the \$106,810.08 taken by Defendants.

27 148. From on or about at least May 1, 2023 through the present, the above-
28 mentioned property had a value of at least \$106,810.08.

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1 149. From on or about at least May 1, 2023 through the present, Defendants,
2 and each of them, took the above-mentioned property from Plaintiff and converted the
3 same to their own use and benefit.

4 150. From on or about May 1, 2023 through the present, when Plaintiff first
5 realized that Defendants, and each of them, had taken Plaintiff's monies/property and
6 converted same to their own use and benefit, Plaintiff demanded, orally and in writing,
7 that Defendants immediately turn over the above-mentioned property to Plaintiff but
8 Defendants, and each of them, to date, have failed and refused and continue to fail and
9 refuse to do so.

10 151. As a proximate result of Defendants' conversion, Plaintiff has been
11 deprived of the use and benefit to be derived from the property converted, all to
12 Plaintiff's damage in at least the sum of One Hundred Six Thousand Eight Hundred
13 Ten and 08/100 Dollars (\$106,810.08) or according to proof at the time of trial
14 together with interest thereon at the lawful rate of 10% per annum from and after the
15 "Payment Date" set forth on each invoice attached hereto as Exhibits "2" through "7",
16 inclusive plus the 5% additional fee agreed upon between the parties for the additional
17 extensions of time to pay granted by Plaintiff to Defendants in the sum of \$5,340.50
18 plus attorneys' fees and costs according to proof but in at least the sum of \$50,000.00,
19 or in an amount to be determined at trial.

20 152. Since Defendants, and each of them, knew that Plaintiff needed the
21 aforesaid property, and that it would incur substantial hardship and expenses as a result
22 of the conversion of the property belonging to Plaintiff by Defendants, and each of
23 them, to themselves for their own use and benefit, the aforementioned conduct of
24 Defendants, and each of them, was done with the intention on the part of the
25 Defendants of depriving Plaintiff of its property and/or legal rights and otherwise
26 causing injury and was despicable conduct that subjected Plaintiff to cruel and unjust
27 hardships in conscious disregard of Plaintiff's rights so as to justify an award of
28 exemplary and punitive damages.

NINTH CLAIM FOR RELIEF

(Unjust Enrichment and Imposition of Constructive Trust)

AS AND FOR A NINTH CLAIM FOR RELIEF BASED ON UNJUST ENRICHMENT AND IMPOSITION OF CONSTRUCTIVE TRUST AGAINST DEFENDANTS DILIGENCE, K. CHISM, PARRISH AND DOES 11 THROUGH 25, INCLUSIVE, PLAINTIFF ALLEGES:

153. Plaintiff realleges and incorporates herein by reference Paragraphs 1 through 48, inclusive, Paragraphs 50 through 54, inclusive, and Paragraphs 56 through 60, inclusive, of its Complaint with the same force and effect as though set forth in full.

154. Plaintiff is informed and believes and thereon alleges that Defendants, and each of them, have received a benefit at Plaintiff's expense.

155. As alleged herein, as a direct and proximate result of the conduct of Defendants, and each of them, Plaintiff has been damaged in at least the sum of One Hundred Six Thousand Eight Hundred Ten and 08/100 Dollars (\$106,810.08) or according to proof at the time of trial together with interest thereon at the lawful rate of 10% per annum from and after the "Payment Date" set forth on each invoice attached hereto as Exhibits "2" through "7", inclusive plus the 5% additional fee agreed upon between the parties for the additional extensions of time to pay granted by Plaintiff to Defendants in the sum of \$5,340.50 plus attorneys' fees and costs according to proof but in at least the sum of \$50,000.00, or in an amount to be determined at trial.

156. As further alleged herein, Defendants, and each of them, have enjoyed a benefit as alleged in this Complaint to the detriment of Plaintiff. Plaintiff is informed and believes and thereon alleges that the benefits conferred upon Defendants, and each of them, was the result of mistake, fraud or coercion, or request, thus making their enrichment unjust.

157. Accordingly, in order to protect the Plaintiff, pending the final resolution of this action, Plaintiff requests that the Court impose a Constructive Trust over a

1 sufficient amount of Defendants' assets and resources in order to ensure that Plaintiff
2 is made whole at the conclusion of this action.

3 **TENTH CLAIM FOR RELIEF**

4 **(CIVIL CONSPIRACY TO COMMIT FRAUD)**

5 AS AND FOR A TENTH CLAIM FOR RELIEF FOR CIVIL CONSPIRACY
6 TO COMMIT FRAUD AGAINST DEFENDANTS DILIGENCE, K. CHISM,
7 PARRISH AND DOES 11 THROUGH 25, INCLUSIVE, PLAINTIFF ALLEGES:

8 158. Plaintiff realleges and incorporates herein by reference Paragraphs 1
9 through 48, inclusive, Paragraphs 50 through 54, inclusive, and Paragraphs 56 through
10 60, inclusive, of its Complaint with the same force and effect as though set forth in full.

11 159. Defendants, and each of them, agreed and knowingly and willfully
12 conspired among themselves to defraud Plaintiff as to converting the \$106,810.08 paid
13 by Plaintiff to Defendant Diligence on the factored invoices.

14 160. As a proximate result of the wrongful acts herein alleged, Plaintiff has
15 been damaged in at least the amount of One Hundred Six Thousand Eight Hundred Ten
16 and 08/100 Dollars (\$106,810.08) or according to proof at the time of trial together
17 with interest thereon at the lawful rate of 10% per annum from and after the "Payment
18 Date" set forth on each invoice attached hereto as Exhibits "2" through "7", inclusive
19 plus the 5% additional fee agreed upon between the parties for the additional
20 extensions of time to pay granted by Plaintiff to Defendants in the sum of \$5,340.50
21 plus attorneys' fees and costs according to proof but in at least the sum of \$50,000.00,
22 or in an amount to be determined at trial.

23 161. The acts of Defendants, and each of them, as described herein were acts
24 of oppression, fraud and malice. Accordingly, Plaintiff should be awarded exemplary
25 and punitive damages pursuant to California Civil Code Section 3294, for the sake of
26 example and by way of punishing Defendants, and each of them, and deterring such
27 future conduct in an amount to be determined at trial.

28 **PLAINTIFF DEMANDS A JURY TRIAL**

1 WHEREFORE, Plaintiff prays for relief as follows:

2 FOR THE FIRST CLAIM FOR RELIEF FOR BREACH OF WRITTEN
3 CONTRACT AS TO DILIGENCE, K. CHISM, PARRISH AND DOES 11
4 THROUGH 25, INCLUSIVE:

5 1. For damages in at least the sum of One Hundred Six Thousand Eight
6 Hundred Ten and 08/100 Dollars (\$106,810.08) or according to proof at the time of
7 trial;

8 2. For interest thereon at the lawful rate of 10% per annum from and after
9 the "Payment Date" set forth on each invoice attached hereto as Exhibits "2" through
10 "7", inclusive;

11 3. For the 5% additional fee agreed upon between the parties for the
12 additional extensions of time to pay granted by Plaintiff to Defendants in the sum of
13 \$5,340.50; and

14 4. For attorneys' fees in at least the sum of \$50,000.00 or according to
15 proof at the time of trial;

16 FOR THE SECOND CLAIM FOR RELIEF FOR BREACH OF ORAL
17 CONTRACT AS TO DEFENDANTS DILIGENCE, K. CHISM, PARRISH AND
18 DOES 11 THROUGH 25, INCLUSIVE:

19 5. For damages in at least the sum of One Hundred Six Thousand Eight
20 Hundred Ten and 08/100 Dollars (\$106,810.08) or according to proof at the time of
21 trial;

22 6. For interest thereon at the lawful rate of 10% per annum from and after
23 the "Payment Date" set forth on each invoice attached hereto as Exhibits "2" through
24 "7", inclusive;

25 7. For the 5% additional fee agreed upon between the parties for the
26 additional extensions of time to pay granted by Plaintiff to Defendants in the sum of
27 \$5,340.50; and

28 8. For attorneys' fees in at least the sum of \$50,000.00 or according to

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1 proof at the time of trial;

2 FOR THE THIRD CLAIM FOR RELIEF FOR VIOLATIONS OF THE
3 RACKETEERING INFLUENCE AND CORRUPT ORGANIZATIONS ACTION
4 ("RICO") (WIRE FRAUD) AGAINST DEFENDANTS K. CHISM, PARRISH AND
5 DOES 1 THROUGH 10, INCLUSIVE:

6 9. For damages in at least the sum of One Hundred Six Thousand Eight
7 Hundred Ten and 08/100 Dollars (\$106,810.08) or according to proof at the time of
8 trial;

9 10. For interest thereon at the lawful rate of 10% per annum from and after
10 the "Payment Date" set forth on each invoice attached hereto as Exhibits "2" through
11 "7", inclusive;

12 11. For the 5% additional fee agreed upon between the parties for the
13 additional extensions of time to pay granted by Plaintiff to Defendants in the sum of
14 \$5,340.50;

15 12. For punitive and exemplary damages according to proof at the time of
16 trial; and

17 13. For attorneys' fees to the extent permitted by law;

18 FOR THE FOURTH CLAIM FOR RELIEF FOR VIOLATIONS OF THE
19 RACKETEERING INFLUENCE AND CORRUPT ORGANIZATIONS ACTION
20 ("RICO") (MONEY LAUNDERING) AGAINST DEFENDANTS K. CHISM,
21 PARRISH AND DOES 1 THROUGH 10, INCLUSIVE:

22 14. For damages in at least the sum of One Hundred Six Thousand Eight
23 Hundred Ten and 08/100 Dollars (\$106,810.08) or according to proof at the time of
24 trial;

25 15. For interest thereon at the lawful rate of 10% per annum from and after
26 the "Payment Date" set forth on each invoice attached hereto as Exhibits "2" through
27 "7", inclusive;

28 16. For the 5% additional fee agreed upon between the parties for the

1 additional extensions of time to pay granted by Plaintiff to Defendants in the sum of
2 \$5,340.50;

3 17. For punitive and exemplary damages according to proof at the time of
4 trial;

5 18. For attorneys' fees to the extent permitted by law;

6 FOR THE FIFTH CLAIM FOR RELIEF FOR VIOLATIONS OF THE
7 RACKETEERING INFLUENCE AND CORRUPT ORGANIZATIONS ACTION
8 ("RICO") (THEFT/CONVERSION) AGAINST DEFENDANTS K. CHISM,
9 PARRISH AND DOES 1 THROUGH 10, INCLUSIVE:

10 19. For damages in at least the sum of One Hundred Six Thousand Eight
11 Hundred Ten and 08/100 Dollars (\$106,810.08) or according to proof at the time of
12 trial;

13 20. For interest thereon at the lawful rate of 10% per annum from and after
14 the "Payment Date" set forth on each invoice attached hereto as Exhibits "2" through
15 "7", inclusive;

16 21. For the 5% additional fee agreed upon between the parties for the
17 additional extensions of time to pay granted by Plaintiff to Defendants in the sum of
18 \$5,340.50;

19 22. For punitive and exemplary damages according to proof at the time of
20 trial;

21 23. For attorneys' fees to the extent permitted by law;

22 FOR THE SIXTH CLAIM FOR RELIEF FOR FRAUD AND DECEIT -
23 INTENTIONAL MISREPRESENTATION - SUPPRESSION OF FACT AGAINST
24 DEFENDANTS DILIGENCE, K. CHISM, PARRISH AND DOES 11 THROUGH 25,
25 INCLUSIVE:

26 24. For damages in at least the sum of One Hundred Six Thousand Eight
27 Hundred Ten and 08/100 Dollars (\$106,810.08) or according to proof at the time of
28 trial;

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1 25. For interest thereon at the lawful rate of 10% per annum from and after
2 the "Payment Date" set forth on each invoice attached hereto as Exhibits "2" through
3 "7", inclusive;

4 26. For the 5% additional fee agreed upon between the parties for the
5 additional extensions of time to pay granted by Plaintiff to Defendants in the sum of
6 \$5,340.50; and

7 27. For attorneys' fees in at least the sum of \$50,000.00 or according to
8 proof at the time of trial;

9 28. For punitive and exemplary in an amount to be determined at trial;

10 FOR THE SEVENTH CLAIM FOR RELIEF FOR FRAUD AND DECEIT -
11 NEGLIGENT MISREPRESENTATION - SUPPRESSION OF FACT AGAINST
12 DEFENDANTS DILIGENCE, K. CHISM, PARRISH AND DOES 11 THROUGH 25,
13 INCLUSIVE:

14 29. For damages in at least the sum of One Hundred Six Thousand Eight
15 Hundred Ten and 08/100 Dollars (\$106,810.08) or according to proof at the time of
16 trial;

17 30. For interest thereon at the lawful rate of 10% per annum from and after
18 the "Payment Date" set forth on each invoice attached hereto as Exhibits "2" through
19 "7", inclusive;

20 31. For the 5% additional fee agreed upon between the parties for the
21 additional extensions of time to pay granted by Plaintiff to Defendants in the sum of
22 \$5,340.50; and

23 32. For attorneys' fees in at least the sum of \$50,000.00 or according to
24 proof at the time of trial;

25 FOR THE EIGHTH CLAIM FOR RELIEF FOR CONVERSION AGAINST
26 DEFENDANTS DILIGENCE, K. CHISM, PARRISH AND DOES 11 THROUGH 25,
27 INCLUSIVE:

28 33. For damages in at least the sum of One Hundred Six Thousand Eight

1 Hundred Ten and 08/100 Dollars (\$106,810.08) or according to proof at the time of
2 trial;

3 34. For interest thereon at the lawful rate of 10% per annum from and after
4 the "Payment Date" set forth on each invoice attached hereto as Exhibits "2" through
5 "7", inclusive;

6 35. For the 5% additional fee agreed upon between the parties for the
7 additional extensions of time to pay granted by Plaintiff to Defendants in the sum of
8 \$5,340.50; and

9 36. For attorneys' fees in at least the sum of \$50,000.00 or according to
10 proof at the time of trial;

11 37. For punitive and exemplary damages according to proof at the time of
12 trial;

13 FOR THE NINTH CLAIM FOR RELIEF FOR UNJUST ENRICHMENT AND
14 IMPOSITION OF CONSTRUCTIVE TRUST AGAINST DEFENDANTS
15 DILIGENCE, K. CHISM, PARRISH AND DOES 11 THROUGH 25, INCLUSIVE:

16 38. For damages in at least the sum of One Hundred Six Thousand Eight
17 Hundred Ten and 08/100 Dollars (\$106,810.08) or according to proof at the time of
18 trial;

19 39. For interest thereon at the lawful rate of 10% per annum from and after
20 the "Payment Date" set forth on each invoice attached hereto as Exhibits "2" through
21 "7", inclusive;

22 40. For the 5% additional fee agreed upon between the parties for the
23 additional extensions of time to pay granted by Plaintiff to Defendants in the sum of
24 \$5,340.50; and

25 41. For attorneys' fees in at least the sum of \$50,000.00 or according to
26 proof at the time of trial;

27 42. For imposition of a constructive trust over a sufficient amount of
28 Defendants' assets and resources in order to ensure that Plaintiff is made whole at the

1 conclusion of this action;

2 FOR THE TENTH CLAIM FOR RELIEF FOR CIVIL CONSPIRACY TO
3 COMMIT FRAUD AGAINST DEFENDANTS DILIGENCE, K. CHISM, PARRISH
4 AND DOES 11 THROUGH 25, INCLUSIVE:

5 43. For damages in at least the sum of One Hundred Six Thousand Eight
6 Hundred Ten and 08/100 Dollars (\$106,810.08) or according to proof at the time of
7 trial;

8 44. For interest thereon at the lawful rate of 10% per annum from and after
9 the "Payment Date" set forth on each invoice attached hereto as Exhibits "2" through
10 "7", inclusive;

11 45. For the 5% additional fee agreed upon between the parties for the
12 additional extensions of time to pay granted by Plaintiff to Defendants in the sum of
13 \$5,340.50;

14 46. For attorneys' fees in at least the sum of \$50,000.00 or according to
15 proof at the time of trial; and

16 47. For punitive and exemplary damages according to proof at the time of
17 trial;

18 FOR ALL CAUSES OF ACTION:

19 48. For costs of suit incurred herein; and

20 49. For any such other and further relief as this Honorable Court deems just
21 and proper.

22 DATED: September 29, 2023

23 Respectfully submitted,

24 RONALD P. SLATES
25 A PROFESSIONAL CORPORATION

26 BY: RONALD P. SLATES
27 Attorney for Plaintiff Lunch Inc., a Delaware corporation
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